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23 August 1982
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NOTE FOR THE DCI

SUBJECT: Morning Developments

Italy

Prime Minister Spadolini formed a new government today, restoring to power the same center-left five-party coalition which fell 17 days ago. The emphasis of the new government is expected to shift from economic to institutional reforms. No changes were made in the 28-member cabinet which will be sworn in by President Pertini later today. (AP/NY)

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USSR/France

TODAY

The first showdown over the ban on exports of US-made equipment for the Soviet gas pipeline may occur this week at La Havre, France. The Soviets are expected to begin loading equipment tomorrow from a French-owned subsidiary of Dresser Industries, a Dallas-based equipment firm. According to the Washington Post, the French Government will invoke emergency powers to "requisition the equipment" from Dresser, France, if necessary. (UPI)

Japan/China

Japanese Government officials today agreed to lend the Chinese the equivalent of \$258 million for port and railway construction projects. The loan package also includes \$79 million in commodity credits. (AP)

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